

REMARKS/ARGUMENTS

The Examiner has rejected claims 10-18 under 35 U.S.C. 112 as failing to comply with the written description requirement and as being indefinite for failing to particularly point out the distinctly claim the subject matter which applicants regard as the invention. The Examiner has rejected claims 10-13 and 15-16 under 35 U.S.C. 103(a) as being unpatentable over Shyla Sangaran "Getting the feel of trading stocks online" and Harrington et al. (US Patent No. 6,161,099). The numbered paragraphs below correspond to the examiner's numbered paragraphs in the Detailed Action paper.

1. With respect to the examiner's rejection of the claims that contain the phrase "monetary consequence", the phrase is deleted in the currently amended claims without prejudice.

2. With respect to the examiner's rejection of the claims based upon the contention that "it is not clear how a simulator, which is virtual trading, is used for executing actual trading", all claims have been amended without prejudice in order to further disclose an actual trading system which is described in detail in the Specification at page 6 lines 7 through 19 and in FIG. 2 (reference numbers 130, 132, and 134).

3. With respect to the examiner's contention that the claims' reference to "by a system operator to thereby earn money" is not clear, applicants refer the examiner to the Specification at page 6 lines 10 through 13.

4. The examiner contends that it would have been obvious at the time the invention was made to a person skilled in the art to combine the Shyla and Harrington disclosures to "encourage the investors with rewards for using the Internet for virtual stock trading game trade simulation and ... to let the traders (bidders) calculate their risk before

exercising actual trade". Applicants respectfully disagree. There is nothing in either Shyla or Harrington which discloses that actual trading by a hedge operations server could be used to generate requests for trades as needed in order to hedge the risk of payouts to the participants of an investment program. Further, there is nothing in either reference to suggest that the references could be combined in the manner claimed by applicants. In this regard, it is incumbent upon the examiner to specify in what manner either one of the references suggests that it could be combined with the other reference so as to disclose the feature of using actual trades to hedge the risk of payouts to the participants of the simulated trading system.

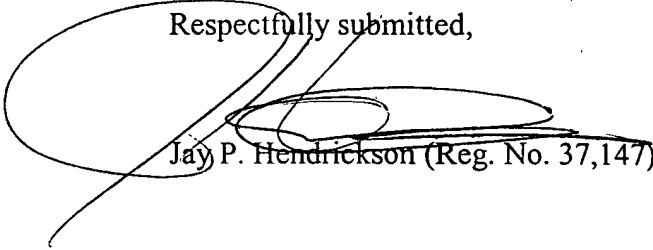
CONCLUSION

In view of the foregoing, applicants submit that all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 650-326-2400.

Respectfully submitted,

Dated: 11/6/2006


Jay P. Hendrickson (Reg. No. 37,147)